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Appendix II.

[Vide answer to starred question No. 319 asked by Sri K. Govinda Rao at the meeting of the Legislative Assembly held on 6th December 1952, page 192 supra.]

I. Press Note, dated 25th September 1952, issued by the Government of India, Ministry of Food and Agriculture, New Delhi.

Sugar policy for 1952–53.

The Government of India have decided to fix the minimum price payable for sugarcane by vacuum pan factories in the ensuing season at Re. 1–5–0 per maund for gate deliveries and Re. 1–3–0 per maund for deliveries at railway centres. This decision has been taken after reviewing the trend of sugar production during the last two or three years and the anticipated production in 1952–53 besides other factors such as the prices of gur and alternate crops. The decision is also in conformity with the world trend of sugar prices which have been declining for the last one year or more.

2. With regard to the current year's carry-over of nearly 500,000 tons of controlled sugar, the Government stand committed to ensure delivery of it from factories at the present controlled prices. The new season's sugar produced at lower cost will be released for internal consumption only after this season's carry-over is nearly exhausted.

3. The Government have also decided to make special financial arrangements to enable factories to start the new season's production in time.

4. No statutory price for sugar will be fixed for the new season's production but releases of stocks will be so regulated that a reserve of approximately 300,000 tons is always available with the industry. No control will be exercised on the distribution of such sugar released from factories but if the market prices rise to unreasonably high levels, the Government will release sugar from the reserve stocks at prices which they may then fix statutorily corresponding to the minimum price for cane and will also direct it to be sold through such agencies as they may appoint in this behalf.

5. The Government have also decided not to fix any ceiling price for gur or khandasari in the next season nor to exercise any control on the movement of these two commodities.

6. The Government have further decided to allow 200,000 tons of sugar to be exported outside India from the new season's production or from the current year's carry-over on a replacement basis. Of this quantity, the Government may permit export up to 50,000 tons in the form of raw sugar. Finally, the Government have also decided to export up to 50,000 tons of gur and 10,000 tons of khandasari.

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II. LETTER FROM THE GOVERNMENT OF INDIA, MINISTRY OF FOOD AND AGRICULTURE (AGRICULTURE), NEW DELHI, DATED THE 4TH OCTOBER 1952, NO. S.V. 105 (1)/52–53, TO ALL STATE GOVERNMENTS.

Sugar and gur policy for 1952–53.

In continuation of this Ministry circular letter of even number, dated the 25th September 1952, with which a copy of the Press Note containing the decisions of the Government of India regarding the sugar and gur policy for 1952–53 was enclosed, I am directed to say that notification fixing cane price at Re. 1–5–0 and Re. 1–3–0 per maund for gate and rail centres respectively is under issue and a copy thereof will be sent to you in due course.

2. Apart from the reasons for reduction in cane price given in the Press Note, it may be observed that the decision to reduce cane price is in line with the recommendations of the Indian Tariff Board (1950) which had recommended that the price of cane could be reduced to Re. 1–4–0 per maund in the course of two or three years. All the important sugar-producing States were also of the view that an appreciable reduction in the cane price is necessary.

3. The cane price notification provides for a rebate of 3 pies per maund subject to a maximum of 3 annas per maund on all cane transported by factories from road centres in their own carriers. The rebate so deducted shall be subject to a certificate issued by an authority nominated by the State Government in this behalf as regards the actual distance of the purchasing centre concerned from the factory on the basis of which the rebate is charged. For purposes of this concession, a distance of less than half a mile will be ignored, while a distance of more than half a mile will be counted as a full mile. This concession will be applicable to centres exclusively declared as road centres and not in respect of any cane transported by road from any rail centre.

4. The Government of India have further decided that the sugar factories may deduct up to a maximum of one-fourth of a seer per maund of cane from the total weight of cane on account of binding material, where cane is brought in bundles and weighed in bundles.

5. With regard to the current year's carry-over of nearly 500,000 tons of controlled sugar, the Government stand committed to ensure delivery of it from factories at the present controlled prices. In view of this commitment distribution through State Governments' machinery will have to be continued until the carry-over stocks are neary exhausted. To encourage off-take of sugar by nominees of State Governments, it has been announced that the new season's sugar produced at lower cost will be released for internal consumption only after this season's carry-over is nearly exhausted. To avoid scarcity conditions developing in consuming areas, it is very necessary that the State Governments take necessary action to ensure that their nominees lift the allotted

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quotas from the specified mills in time. It is anticipated that the carry-over stocks are not likely to be exhausted until about the middle of March 1953.

6. While no statutory price will be fixed for the new season's production and no control will be exercised on the distribution of such sugar, control will be maintained on releases from factories. This means that factories will be free to sell the new season's sugar if and when released to whomsoever they choose and at whatever price they like. The releases of stocks will, however, be so regulated that a reserve of approximately 300,000 tons is always available with the industry. If there is any undue rise in the internal prices, the Government will release sugar from the reserve stocks at prices which they may then fix statutorily corresponding to the minimum price for cane and direct it to be sold through such agencies as they may appoint in this behalf.

7. The details of special financial arrangements to be made to enable factories to start the new season's production in time will be communicated later.

8. In view of the fact that gur prices have been below the ceilings throughout the year, and production during the next season is expected to be quite adequate to meet the local demand, even after allowing some quantity for export, it has been decided not to impose any control on the *prices* of gur during the 1952–53 season.

9. As in the case of gur, the prices of khandasari remained throughout the current season well below the ceiling. Control on khandasari was imposed mainly to stop diversion of cane from factory sugar to Khandasari manufacture. In view of the fact there is a huge surplus of factory sugar available in the country there is no chance of the prices of khandasari sugar rising to any unreasonable level, nor of any diversion of cane from factory areas to khandasari manufacture. It has, therefore, been decided to decontrol khandasari prices forthwith.

10. In view of large sugar stocks with factories, the crushing of new season's crop by them is likely to be delayed. Consequently the growers in factory areas may resort to gur-making. In order to prevent any undue drop in gur prices and provided a profitable outlet for surplus gur, it has been decided to export up to 50,000 tons of gur under free licensing.

11. It has also been decided to allow export of 10,000 tons of khandasari.

12. The total quantity of sugar available during the next year will be in excess of the country's demand. It has, therefore, been decided to allow export of 200,000 tons from the new season's production. Export out of the new season's sugar can take place without any subsidy as the sugar price during the new season will compare favourably with world prices. For facilitating immediate export with a view to giving relief to factories exports have been authorized from this year's production on a replacement basis. Out of the total quantity of 200,000 tons to be exported, the Government may permit export up to 50,000 tons in the form of raw sugar.